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# INFORMATION REPORT

## REPORT

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1. In connection with the bill passed in parliament to create "production councils" elected by ballot by the workers in each factory or other enterprise, the structure of Yugoslav Government departments handling economic matters has been radically reorganized.
2. The administrative apparatuses of ministries which were formerly connected with industrial problems have themselves now been abolished, and the following new organizations have been set up:
  - a. State Secretariat for Industry (Drzavni Sekretarijat za Privredu);
  - b. Directorate of the Budget (Uprava Budzeta);
  - c. Supreme Accounts Department (Vrhovna Racunska Komisija);
  - d. Legal Office for Economic Affairs (Javno Pravobraniostvo); and

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UDB

3. Ministries not concerned with industrial problems will not be affected by this reorganization, except for certain minor internal changes. Reorganization of the UDB, however, is an exception, for in many ways it is now connected with closer control of economic affairs.

State Secretariat for Industry

4. The State Secretariat for Industry takes over the tasks of the Industrial Council of the Federated People's Republic of Yugoslavia. It will consist of two main departments:

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- a. The Economic Planning Department, entrusted with drawing up economic research reports on industries and production, based on data supplied by [ ] the provincial statistical departments. It will also act in an advisory capacity concerning industrial development policy. Other responsibilities of this department include the determination of state investments, construction policy, social problems such as housing, sanitation, et cetera. 50X1-HUM

- b. The Executive Department, concerned with preparing proposals or decrees for regulating production, and coordinator for all industrial concerns. This department will have divisions for the various fields of industry, and there will also be a special division dealing with foreign trade and customs. The department will control, though not actually run, the foreign exchange organization which came into existence [ ]

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- b. Most of the work of the State Secretariat for Industry will be carried out by "Provincial Commissions" composed of non-permanent experts selected for whatever particular problem arises. This system has been adopted in an effort to curb the trend toward excessive bureaucracy.

#### Directorate of the Budget

6. The Directorate of the Budget is to assume the tasks of the Ministry of Finance [ ] The principal tasks are: 50X1-HUM

- a. Preparation of the National Balance Sheet and implementing the budget;
- b. Registration of industrial plants (previously a task of the extinct Ministry of Labor);
- c. Control of the Wage Fund (wage funds are set up in every enterprise to help the accumulation of capital);
- d. Monetary statistics;
- e. State assets and debts; and
- f. Safeguarding of Yugoslav interests abroad and a watch over state interests in enterprises and organizations which have been liquidated.

7. In addition, there will be a special commission to administer the expropriation of land required for public works, construction of railways and highways, et cetera.

#### Supreme Accounts Department

8. There has, so far, been no specialized federal organization in charge of controlling state expenditure for such matters as municipal works, social welfare, sport and many other matters, on which large sums are spent. At one time the finance ministries of the various People's Republics exercised some control through various organs of their own, and until some time ago [ ] the Control Commission (which was abolished two years ago) also exercised some control over such expenditure. The chief task of the new Supreme Accounts Department is to control expenditure based on the budget. The department will also check the legality of all acts regarding changes of basic capital effected either 50X1-HUM

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by the state, economic enterprises or industrial organizations (such as the Directorate of Works Councils). Since the Supreme Accounts Department will not have many experts at its disposal, at least not at the beginning, it is to make use of financial experts from the People's Bank for its various control activities.

Legal Office for Economic Affairs

9. Previously no organization has existed which represented the state in relation to illegal deals in property (private or state owned). Sometimes such cases were dealt with by the law courts, at other times by special arbitration courts, and in still other cases by the Public Prosecutor. Handling always depended on who was believed to be competent in a particular case; very often a wrangle between two or more official organizations as to who was competent resulted. Often either the Control Commission, the Militia, or the State Security organs gave a ruling on property offenses by employees against their employing enterprises. In such cases secret investigations were held and arrests made by the fore-mentioned organs, and the case then submitted to the law courts, to the State Prosecutor or to an arbiter, depending on whether the offense was considered a political act against the state or not. Examples are abuses in peasant cooperatives, illegal purchases of goods for resale, or illegal use of financial credits for private purposes.
10. The Legal Office has now taken over all these functions from the various organizations. In criminal cases especially, however, the Attorney General in charge will still seek the cooperation of these organizations. The Attorney General represents the state in all trials concerning indemnity claims against unlawful or misuse of basic capital allotted by the state to enterprises and industrial organizations. Thus the Legal Office will exercise a new kind of financial-political control over the activities and business management of those enterprises which have received their basic capital from the state and which is to be used through Worker Council decisions.

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12. As a result of these greatly extended tasks many new Director Generals were nominated to the various branches of the bank in the People's Republics last autumn. Most of these are at the same time members of the local parliaments of the People's Republics, as well as members of the Party's Central Committees in the Republics. Their predecessors were dismissed.

General

13. These five new organizations will, from now on, exercise their activities completely independently of other federal institutions of similar character. This means that the Federal Republic will have the same departments as the local People's Republics, but the Federal Republic will not be able to interfere in the People's Republics' plans. The local departments will be responsible only to the local People's Parliaments and the Production Councils of the local Republics. The idea is to strengthen local autonomy. Even administration of the budget of the People's Republics will not depend on the Directorate of Federal Finance; it will be the responsibility of the local parliament. This means that each People's Republic can arrange its own budget independently. Naturally, as prescribed in a special law, the duty of the local Republics to fulfill their financial contributions to the federal budget is still maintained. Even social security has been divided into independent organizations for each People's Republic.

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